

Specification of Competency Standards
for the Banking Industry
Unit of Competency

Functional Area - 3. General Enterprise Banking Credit Management
(Key Function – 3.3 Portfolio Management)

Title	Allocate credit assets of the bank in accordance to the formulated credit risk management policies and risk appetite of the bank
Code	109262L6
Range	Maintaining an optimal allocation of credit assets of the enterprise banking in order to balance between risks and profitability. This applies to different kinds of assets in the bank's credit portfolio.
Level	6
Credit	4 (For Reference Only)
Competency	<p>Performance Requirements</p> <p>1. Knowledge in the Subject Area</p> <p>Be able to:</p> <ul style="list-style-type: none"> • Demonstrate specialized knowledge across different disciplines in credit risk management in order to customize a suitable approach in managing the credit portfolio of the bank; • Demonstrate specialized knowledge in credit management by applying it to evaluate critically the credit strategies and portfolio objectives of the bank in order to construct a suitable portfolio management approach. <p>2. Applications</p> <p>Be able to:</p> <ul style="list-style-type: none"> • Construct the segmentation model for credit assets of the bank by conducting research to find out factors that may influence risk level of loan portfolio; • Conduct segmentation on loan portfolio based on common characteristics among loan; e.g. industries, geographic location, loan types, risk rating, etc.; • Analyse inter-dependencies between different loans (e.g. loans to companies dependent on same suppliers, loans to affiliated borrowers) and estimate the concentration risks of the credit composition of the bank; • Conduct research on the current and future developments in relevant regulatory requirements (e.g. capital adequacy) and take the findings into consideration when reviewing the bank's assets allocation. <p>3. Professional Behaviour and Attitude</p> <p>Be able to:</p> <ul style="list-style-type: none"> • Optimize allocation of regulatory required capital and business generating economic capital to ensure financial stability, maintain confidence of the public and protect customers; • Manage the assets allocation of the bank to maintain a diversified portfolio and minimize risk exposure to the bank; • Estimate the risks in the existing portfolio and provide recommendations to achieve a better asset diversification; • Conduct research on the current and future economic development in order to construct a portfolio strategy which is consistent with the future business outlook.
Assessment Criteria	<p>The integral outcome requirements of this UoC are:</p> <ul style="list-style-type: none"> • Allocation of credit assets of the bank which is able to balance between risks and profitability on portfolio basis. The decision should be supported by findings from

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	research on economic outlook, regulatory development and estimated risks in the current portfolio.
Remark	